

**RULES
OF
COMPTROLLER OF THE TREASURY
DIVISION OF LOCAL FINANCE**

**CHAPTER 0380-4-1
VALUATION OF CERTAIN PROMISSORY NOTES
USED AS COLLATERAL FOR DEPOSITS BY PUBLIC ENTITIES
IN SAVINGS AND LOAN ASSOCIATIONS**

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0380-4-1-.01 APPLICATION OF RULES.

Tennessee Code Annotated, Section 9-1-107, authorizes certain public entities to deposit funds in accounts of certain savings and loan associations. Chapter 111, Public Acts 1979, amends T.C.A., Section 9-1-107, to authorize “deposits in excess of the limits of insurance on such accounts . . . where . . . the collateral consists of a promissory note secured by a first mortgage or first deed of trust upon residential real property located in Tennessee, provided that:

- (a) The promissory note shall at all times be in an amount in value at least fifty percent (50%) in excess of the amount deposited with the association, such value to be determined in accordance with procedures established by regulations hereby authorized to be issued by the Comptroller of the Treasury; . . .”

Authority: T.C.A. §9-1-107. **Administrative History:** Original rule filed August 27, 1979; effective October 10, 1979.

0380-4-1-.02 PROCEDURE FOR DETERMINATION OF VALUE OF PROMISSORY NOTES. Pursuant to the requirement of T.C.A., Section 9-1-107, as amended by Section 1, Chapter 111, Public Acts of 1979, set forth in Rule 0380-4-1-.01, the value of any promissory note secured by a first deed of trust upon residential real property used as collateral for deposits authorized by T.C. A., Section 9-1-107, shall, for the purposes of T.C.A., Section 9-1-107, be equal to the lesser of either:

- (a) Ninety percent (90%) of the appraised value for county ad valorem property tax purposes of the real property securing the promissory note as shown on the records of the assessor of property for the county wherein the property is located for the most recent year in which all ad valorem property taxes on the property have been assessed and paid; or
- (b) The unpaid principal balance of the promissory note at any time as shown on the records of the savings and loan association.

Authority: T.C.A. §9-1-107. **Administrative History:** Original rule filed August 31, 1979; effective October 15, 1979.